



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
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Dear Comrades,

10th May , 2019

News of Interest 10th May

QUOTE OF THE DAY

**“THE FUTURE BELONGS TO THE COMPETENT. GET GOOD,
GET BETTER, BE THE BEST!” – BRIAN TRACY**

HIGHLIGHTS

1. INDIAN OVERSEAS BANK CUTS LOSS TO RS 1,985 CRORE, PLANS TO RAISE FUNDS
2. PNB HOUSING FINANCE REPORTS NET PROFIT OF RS 379.7 CR IN Q4FY19; UP 51%
3. SOUTH INDIAN BANK Q4 NET FALLS 38 PC TO RS 70.51 CRORE ON HIGHER PROVISIONING FOR BAD LOANS
4. CREDIT DEMAND, DEPOSIT GROWTH LOSE STEAM
5. BANKS MUST TURN TOWARDS GLOBAL TRADE-FINANCE INSTRUMENTS: RBI

Business Standard

1. Indian Overseas Bank cuts loss to Rs 1,985 crore, plans to raise funds

The loss is due to increased provisions on NPAs and fraud accounts especially due to back dating of NPAs and one big account declared as fraud

Gireesh Babu

Indian Overseas Bank (IOB) has seen a reduction of 45 per cent in its net loss during the quarter ended March 31, 2019, even as there were increased provisions on non-performing assets (NPAs) and one big account declared as fraud. It has received approval from the Board to issue up to 300 crore equity shares at a premium to public through follow-on public offer, or rights issue, and to raise Tier II capital of up to Rs 1,500 crore by issue of Basel-III Compliant bonds.

The bank has reduced its NPA levels during the quarter compared to the corresponding quarter of last year and said that it is expecting NPA reduction of around Rs 6,300 crore in the financial year 2019-20 (FY 20), subject to court resolution.

The bank has registered a net loss of Rs 1,985.16 crore compared to Rs 3,606.73 crore during the same quarter of last year. Total income stood at Rs 5,473.92 crore during the quarter, as compared to Rs 5,814.42 crore during same period last year, a decline of 5.9 per cent.

The loss is due to increased provisions on NPAs and fraud accounts especially due to back dating of NPAs and one big account declared as fraud. Impact on account of these two events is around Rs 2,150 crore on provision, said the management.

The Gross NPA has come down to Rs 33,398.12 crore, which is 21.97 per cent of gross advances, as compared to Rs 38,180.15 crore (25.28 per cent) in the same quarter last year. Net NPA has come down to Rs 14,368.30 crore (10.81 per cent) as against Rs 20,399.66 crore (15.33 per cent) during the same quarter of last year.

Total recovery stood at Rs 4,102 crore achieved for quarter ended March, this year, while the total slippage was Rs 1,402 crore.

"Recovery achieved is substantially higher than slippages during the quarter mainly due to focused priority action on arresting slippages and improving recovery in NPA/OTS accounts," said the Bank.

For the financial year ended March 31, 2019, the net loss was reduced by 40.66 per cent to Rs 3,737.88 crore as compared to Rs 6,299.49 crore net loss in the previous year. The net loss was due to additional provision in the existing NPA to the tune of Rs 1,400 crore and one fraud account for which 100 per cent provision was made to the extend of Rs 700 crore.

The Bank has evolved a policy of not taking fresh exposures in stressed sectors, below hurdle rated accounts and BB and below rated accounts. It has also exited from accounts in the stressed sectors, wherever feasible, it said.

The total income grew marginally to Rs 21,837.58 crore during 2018-19 as against Rs 21,661.65 crore registered in the previous year. The annual operating expenses were reduced by Rs 1,116 crore, which is around 20.29 per cent decline.

For the whole year, the gross NPA has come down to 21.97 per cent from 25.28 per cent posted during previous year, while the net NPA has come down to 10.81 per cent during the fiscal compared to 15.33 per cent registered during 2017-18. Recovery in NPA was Rs 14,669 crore during the year compared to Rs 15,496 crore in the previous year. The fresh slippage was of Rs 6,071 crore for the year ended March, 2019 and debits in existing NPA accounts was Rs 2,774 crore.

It has recovered Rs 757 crore in NCLT accounts during the year and it expects recovery of around Rs 1,247 crore in current quarter in NCLT accounts where the resolution is at an advanced stage.

Its total business stood at Rs 3,74,530 crore during the fiscal ended March 31, 2019, as against Rs 3,67,831 crore during same period last year. IOB's operating profit was the highest in its history, at Rs 5033.87 crore, added the Bank.

2. PNB Housing Finance reports net profit of Rs 379.7 cr in Q4FY19; up 51%

PNB will raise Rs 10,000 crore via NCDs and upto \$1 billion by ECB route

Subrata Panda |

Mortgage lender PNB Housing Finance on Thursday reported a robust 51 per cent growth in profit after tax (PAT) in Q4FY19. The housing finance company reported a net profit of Rs 379.7 crore in Q4FY19 as opposed to Rs 251.6 crore in the same quarter last fiscal.

The disbursement of the company, however, saw a marginal dip of 2 per cent to Rs 8,562 crore in Q4FY19 from Rs 8,739 crore in the same quarter last fiscal. After the IL&FS crisis, NBFCs and HFCs have been struggling with loan disbursements and have been selling off their loan portfolios to banks via securitisation. The mortgage lender has securitized Rs 7,337 crore of loans so far and the outstanding securitized pool of the lender was at Rs 10,699 as of March 31, 2019.

PNB Housing Finance's capital to risk asset ratio (CRAR) stood at 13.98 per cent at the end of March 2019, of which Tier I capital was 11 per cent and Tier II capital was 2.98 per cent. The regulatory mandate is 12 per cent. Its CRAR was 14.49% at the end of December.

While the current capitalisation level is adequate with sufficient cushion over minimum CRAR required according to regulations, the company is planning to raise capital to achieve target growth.

The mortgage lender, in its board meeting, has approved the issuance of secured and un-secured non-convertible debentures (NCDs) totalling Rs 10,000. Moreover, approval was also granted to raise funds by external commercial borrowing route upto \$ 1 billion.

The company said, it borrowed incrementally Rs 30,858 crores in FY19 with over 55 per cent mobilised post the IL&FS crisis. However, it has maintained Rs 7,000 crore cash and liquid investments as of March, 2019.

The net interest income (NII) registered 13 per cent growth in the fourth quarter to Rs 610 crore from Rs 541 crore. The assets under management (AUM) of the company saw a 36 per cent growth to Rs 84,722 crore.

The company reported a 41 basis points (bps) dip in net interest margin from 3.59 per cent to 3.18 per cent as the average cost of borrowing for the company went up by 47 bps in the fourth quarter.

Gross non-performing assets (NPAs) for the company stood at 0.48 per cent of their loan assets as on March 31, 2019, against 0.33 per cent as on March 31, 2018. Net NPAs stood at 0.38 per cent of the loan assets as on March 31, 2019 against 0.23 per cent as on March 31, 2018.

"FY18-19 was a challenging year with tight liquidity, which impacted the overall Indian financial and real estate sectors. Amid such environment, we continued our focus on maintaining adequate liquidity, balanced ALM, efficient operations and robust asset quality. We would continue to maintain a balanced approach to business, with focus on asset quality, and improving profitability", said Sanjaya Gupta, Managing Director of PNB Housing Finance.

FINANCIAL EXPRESS

3. South Indian Bank Q4 net falls 38 pc to Rs 70.51 crore on higher provisioning for bad loans

By: [PTI](#)

Private sector South Indian Bank Thursday reported a fall of 38 per cent in net profit at Rs 70.51 crore for the March quarter due to a rise in bad loans. The bank had registered a net profit of Rs 114.10 crore in the same period of the 2017-18 fiscal. Total income during the quarter ended March 2019 increased to Rs 2,026.59 crore from Rs 1,767.65 crore a year ago, the bank said in a regulatory filing. The bank registered a 13 per cent rise in interest income at Rs 1,790.94 crore from Rs 1,588.98 crore.

Asset quality of the bank deteriorated, with the gross non-performing assets (NPAs) rising to 4.92 per cent of the gross advances as on March 31, 2019 from 3.59 per cent a year ago. Net NPAs increased to 3.45 per cent from 2.60 per cent.

In absolute value, gross NPAs stood at Rs 3,131.67 crore by the end of fiscal 2018-19 from Rs 1,980.30 crore a year ago. Net NPAs were valued at Rs 2,163.62 crore as against Rs 1,415.80 crore earlier. Consequently, the provisions for bad loans during January-March quarter of 2018-19 were raised to Rs 219.15 crore as against Rs 148.63 crore a year earlier.

The board of directors, in their meeting held Thursday, proposed a dividend of Rs 0.25 per equity share for the year ended March 31, 2019, it said.

Economic Times

4. Credit demand, deposit growth lose steam

In the year-ago fortnight, credit stood at Rs 85.17 lakh crore while deposits stood at Rs 113.81 lakh crore

PTI

Both bank credit and deposit growth lost the momentum and slowed to 12.95 percent and 9.71 percent at Rs 96.21 lakh crore and 124.86 lakh crore respectively, in the fortnight to April 26, according to the Reserve Bank data released Thursday.

In the year-ago fortnight, credit stood at Rs 85.17 lakh crore while deposits stood at Rs 113.81 lakh crore.

In the previous fortnight, credit off take grew 14.19 per cent and deposits 10.60 percent.

For the full year to March 2019, bank credit grew 13.24 percent and deposits 10.03 percent.

On a year-on-year basis, non-food credit rose 12.3 percent in March from 8.4 percent. Advances to agriculture and allied activities more than doubled to 7.9 percent from 3.8.

Credit to the services sector expanded 17.8 percent compared to 13.8 percent in March. Advances to industry rose 6.9 percent compared to a low 0.7 percent a year ago.

Personal loans growth slipped a bit to 16.4 percent in the month from 17.8 percent.

BUSINESS LINE

5. Banks must turn towards global trade-finance instruments: RBI

[Our Bureau](#)

The overdependence of local banks on overseas branches through less standardised instruments limits the scope of trade-credit operations

Banks need to expand their global banking relationship and shift towards globally accepted trade finance instruments instead of indigenous instruments (such as letter of undertaking/ letter of credit), according to a Reserve Bank of India paper.

This, however, may push up costs, the paper added. Domestic banks largely depend on their own branches or branches/subsidiaries of other domestic banks, which have been accepting non-standardised trade instruments – LoUs and LoCs – for arranging trade credit.

“The overdependence of domestic banks on their overseas branches through less standardised trade credit instruments limits the scope of their trade credit operations,” said Rajeev Jain, Dharendra Gajbhiye and Soumasree Tewari from the RBI’s Department of Economic Policy and Research.

Overseas network

Incidentally, the drying up of trade credit disbursed through domestic banks in the aftermath of prohibition of LoUs/LoCs by the Reserve Bank of India in March 2018, confirms that their narrow overseas network base is a binding constraint for trade credit business, they added.

The paper observed that both demand and supply-side dynamics influence the flow of cross-border trade credit to India.


“The fall in trade finance intensity in recent years is clearly an indication of supply-side constraints. In particular, the financial health and size of overseas network of banks operating in India matter for trade credit,” the authors said.

Empirical evidence suggests that the positive impact of import volumes on trade credit flows makes short-term external debt one of the critical variables to be monitored for external sector vulnerability. This is especially pertinent when import payments are driven by higher international commodity prices, they elaborated.

As tight global financial conditions are found to impede trade credit flows, the authors felt that policy efforts towards strengthening banks' overseas business network may make these flows more resilient.

With kind regards,

Yours Comradely,

A handwritten signature in blue ink, appearing to read 'N. Govindrajulu', with a long, sweeping horizontal stroke extending to the right.

(N. GOVINDRAJULU)
GENERAL SECRETARY